

# External Direct Investment of Hong Kong in 2022

Hong Kong's external direct investment (DI) statistics for 2022 were released today (December 8) by the Census and Statistics Department (C&SD).

## Stocks of DI

At the end of 2022, the total stock of Hong Kong's inward DI (i.e. the position of Hong Kong's DI liabilities) increased by 2.9% over a year earlier to \$17,306.5 billion. Its ratio to the Gross Domestic Product (GDP) stood at 614% in 2022. The increase in 2022 was mainly attributable to the positive DI inflow to Hong Kong during the year.

As for the total stock of Hong Kong's outward DI (i.e. the position of Hong Kong's DI assets), it decreased by 0.6% over 2021 to \$17,051.3 billion. Its ratio to GDP was 605% in 2022. The decrease in 2022 was mainly attributable to the drop in the total market values of non-resident enterprises which had received DI from Hong Kong, partly offset by the positive DI outflow to enterprises outside Hong Kong during the year.

Analysed by immediate source of investment, the British Virgin Islands (BVI) and the mainland of China (the Mainland) were the two largest sources for Hong Kong's inward DI, with a share of 30.9% and 30.0% respectively at end-2022. Analysed by major economic activity of Hong Kong enterprise groups (HKEGs) which had received inward DI, those engaged in investment and holding, real estate, professional and business services took up the largest share, at 65.4% at end-2022. This was followed by banking, at 13.0%; and import/export, wholesale and retail trades, at 10.9%.

Analysed by immediate destination of investment, the Mainland and the BVI were the two largest destinations for Hong Kong's outward DI, with a share of 49.4% and 30.3% respectively at end-2022. Analysed by major economic activity of HKEGs which had made outward DI, those engaged in investment and holding, real estate, professional and business services took up the largest share, at 78.7% at end 2022. This was followed by import/export, wholesale and retail trades, at 8.3%.

## Flows of DI

In 2022, total DI inflow amounted to \$958.4 billion, smaller than that of \$1,066.2 billion in 2021. On the other hand, total DI outflow in 2022 amounted to \$931.3 billion, larger than that of \$726.0 billion in 2021. Taking the inflow and outflow together, a net DI inflow of \$27.1 billion was recorded in 2022.

Analysed by immediate source of investment, the Mainland was the major source of Hong Kong's DI inflow in 2022, amounting to \$315.8 billion. The BVI

came next, at \$189.8 billion. Analysed by major economic activity of HKEGs which had received DI inflow, those engaged in investment and holding, real estate, professional and business services attracted the largest amount in 2022, at \$504.7 billion.

Analysed by immediate destination of investment, the Mainland accounted for a predominant share of Hong Kong's DI outflow in 2022, at \$493.5 billion. The BVI came next, at \$249.5 billion. Analysed by major economic activity of HKEGs which had made DI outflow, those engaged in investment and holding, real estate, professional and business services took up the largest amount, at \$591.5 billion.

## Commentary

A Government spokesman said that Hong Kong's total DI inflow and total DI outflow remained significant at \$958.4 billion and \$931.3 billion respectively in 2022, despite the weakened local economy alongside the epidemic, deteriorated external environment and tightened financial conditions.

The stocks of overall inward and outward DI were substantial at end-2022, at \$17,306.5 billion and \$17,051.3 billion (614% and 605% of GDP) respectively, making Hong Kong one of the world's major destinations for and sources of external DI. The vast stock of external DI in Hong Kong testifies Hong Kong's status as a prominent international financial centre and commercial hub, as well as Hong Kong's attractiveness as a base for multinational corporations to manage their investments and businesses around the world.

Hong Kong's DI covers a large geographical spread and a wide range of economic activities, with the Mainland featuring prominently both as a source and as a destination.

The Government will continue to attract foreign direct investment proactively, especially those pertinent to Hong Kong's development as the "eight centres", to enhance Hong Kong's competitiveness and promote high quality growth. We will develop "headquarters economy" to attract enterprises from outside Hong Kong to set up headquarters and/or corporate divisions in Hong Kong, bringing in quality enterprises to explore the immense opportunities brought about by the national development. The Government will also introduce a mechanism to facilitate the re-domiciliation of companies to Hong Kong.

## Further information

DI represents external investment in which an investor of an economy acquires a lasting interest and a significant degree of influence or an effective voice in the management of an enterprise located in another economy. For statistical purpose, an effective voice is taken as being equivalent to a holding of 10% or more of the voting power in an enterprise.

According to the international statistical standards, the total stocks and flows of DI presented above are compiled based on the "asset/liability principle", while detailed DI figures analysed by country/territory and by major economic activity of HKEGs are based on the "directional principle". Owing to the adoption of different presentation principles, the total stocks and flows of DI are different from the sums of the detailed DI figures by country/territory or by major economic activity of HKEGs. However, the overall direct investment balance compiled from figures based on these two presentation principles respectively is the same.

Tables 1 and 2 show the positions (i.e. stocks) and flows of inward DI in Hong Kong by selected major investor country/territory and by major economic activity of HKEGs respectively for 2021 and 2022. Similar statistics on outward DI from Hong Kong are presented in Tables 3 and 4.

More detailed statistics are given in the report "External Direct Investment Statistics of Hong Kong 2022". Users can browse and download this publication at the website of the C&SD ([www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1040003&scode=260](http://www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1040003&scode=260)).

Enquiries about the DI statistics may be directed to the Balance of Payments Branch (2) of the C&SD at 3903 7024.